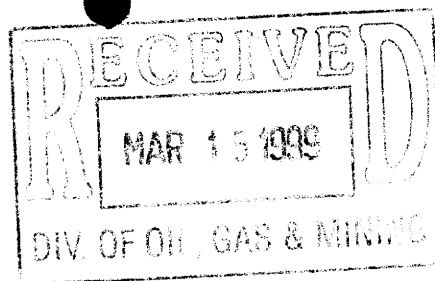


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Canyon Fuel Company, LLC
Soldier / Dugout Canyon Mines
P.O. Box 1029
Wellington, UT 84542
801 637-6360 Fax: 801 637-0108



March 12, 1999

Coal Regulatory Program
Utah Division of Oil, Gas, & Mining
1594 West North Temple, Suite 1210
P. O. Box 145801
Salt Lake City, Utah 84114-5801
Attn: Mr. Joe Helfrich

*Dugout
EXPLORATION*

99B

RE: Submittal of Application to Conduct Minor Coal Exploration, Dugout Canyon Area

*EXP/007/039 #2
Copy Joe*

Dear Mr. Helfrich:

Canyon Fuel Company(CFC) is planning to drill up to 6 exploration holes and complete a seismic reflection survey during the summer of 1999 in the Dugout Canyon area. In accordance with the State of Utah Coal Mining Regulations, CFC is submitting 3 copies of the Notice of Intention (NOI) to Conduct Minor Coal Exploration. Copies of the NOI have also been forwarded to Mr. Steve Demczak at the UDOGM field office in Price and to Mr. John Blake at SITLA.

The contractor selection process is underway and the necessary archaeological survey work is being scheduled. In order to avoid late season conflicts with wildlife, hunting, or other considerations, CFC would appreciate your prompt review to allow the commencement of drilling activities during the June timeframe.

Please let me know if there is anything CFC can do to help ensure the timely approval of this exploration application. Should you have any questions or comments, I can be reached at (435) 636-2873.

Regards,

Mark W. Scanlon

Mark W. Scanlon
Sr. Geologist

attachment

cc: D. Spillman / R. Olsen / C. Hansen / M. Lincoln / Central File